



**DEFENSE LOGISTICS AGENCY
HEADQUARTERS
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MAY 18 2018

Ms. Kristy Fierro, President
National Association of State Agencies
for Surplus Property, Inc.
P.O. Box 2134
Jefferson City, Missouri 65102-2134

Dear Ms. Fierro:

Thank you for your letter of March 13, 2018. We have reviewed your comments and attached responses to your request and concerns.

DLA is committed to maximizing the reuse of authorized property to all our Reutilization, Transfer and Donation customers. We understand the goodness that NASASP brings to our communities and want to work together to make the donation program better, stronger and to get more property into the hands of the States and donees.

Sincerely,

EDWARD J. CASE
Vice Director

Attachment
As stated

We have included the original question along with our responses. DLA responses on in italics.

- Overseas Property (foreign excess) for Donation:

NASASP, on behalf of our State Agencies, has a great need for visibility and the ability to secure property for donation purposes. We have found, however, that Iron Planet and sales have been able to access and secure this property quite often over donation. We have raised this issue before. In summer of 2017, we were quite pleased when DLADS notified us that they granted NASASP additional time to pick up property at almost all overseas locations. Allowable time for removal has gone from 21 days to 60 days, with only one exception - Japan. Mr. Cannon, Director of DLADS, indicated that we would have one year to have this increased pick-up time and then it would be evaluated for permanency. NASASP requests that the pick-up time from for overseas property be permanently increased to 60 days.

NASASP also requests that DLA grant additional permission to screen all foreign excess property to include areas such as Japan and Afghanistan. No sales force should be permitted to obtain foreign excess property in these areas of Asia and the Middle East that donations (via NASASP) are prohibited from for some reason. We want fair and reasonable access according to the statutes of donation prior to sales.

NASASP has requested that DLA permit our representative(s) to be allowed to make necessary repairs to desired items to justify the shipping cost. These repairs would be done without interference to the DLA mission and with high regard to security and cyber-security issues. NASASP does not want to compete with the commercial vendor; we simply want the ability to do the same repairs on the equipment as the commercial vendor. This would help ensure that no property is offered for sale until all requirements for donation are met. DLA's prior "answers" to our repeated requests have not been satisfactory and again, referred us to manuals and regulations, which are not helpful in pursuing policy changes.

- *NASASP indicated that IronPlanet is able to secure property quite often bypassing the donation program. Please provide recent examples of such occurrences so we can investigate. We are not aware of any instance where this has occurred. All usable property that is eligible to be sold is available for donation requisition prior to being transferred to IronPlanet. Additionally, all DLA Disposition Services sites where IronPlanet is currently selling property are open to NASASP for screening.*

- *DLA is willing to establish a permanent policy to make storage available for 60 days at the overseas locations, to include Japan. However, if the property is not removed within 60 days the requisition will be cancelled, no exceptions. We will work to make this permanent policy, however, we reserve the right to request vehicle(s) be removed early (after 21 days but prior to 60 days) if an OCONUS site's outside storage capacity becomes impacted. We cannot impact DOD turn-ins if space is no longer available due to holding donation vehicles. We would provide advanced notice if this should occur. NASASP has always had the ability to screen property in Japan. At the time of the initial decision to exclude them from the 60 day removal, their yard was at capacity and did not afford the extra removal timeframe. Since then, capacity is no longer an issue and therefore we will allow the 60 day removal.*

- As mentioned in previous communications and meetings, the decision to allow NASASP to screen property in Afghanistan and at other contingency locations is a policy decision made at the OSD level. That decision was made based on the relationship with the host nation, coordination with the Combatant Commander and the U.S. Embassy, and the operational conditions on the ground. If asked by OSD, DLA would not support a change in the current policy for Afghanistan. DLA does not have sufficient capacity or personnel to store property for a screening cycle in Afghanistan and the operational conditions on the ground do not support increasing DLA personnel or capacity. The limited sales of "white goods" items in Afghanistan has not occurred since January 2017. We do not expect these type of sales to start back up anytime in the future.*
- Minor repairs were authorized in 2015 to allow NASASP the same opportunity as our sales contractors for OCONUS locations. This includes fixing tires, changing batteries and any other minor repairs that are required prior to moving the vehicle from the DLA Disposition Services site. With this added access comes the requirement that NASASP will be responsible for any damage that is caused to any Government equipment or facility that arises out of negligence of NASASP, or its contractors, to include the clean-up of any hazardous material spills.*

- Cessation of Scrapping Policy:

Over the last year, NASASP has noticed a definite increase in the amount of property being scrapped - property, such as vehicles and equipment, that would be tremendously valuable to our communities. NASASP would like your support to immediately halt all scrapping contracts and actions as they relate to all military vehicles. We urge you to initiate this request as we understand that there continues to be a large amount of vehicles that could be utilized by donations to save lives and property of American citizens, yet these vehicles are under policy to be "scrapped." It is beyond our understanding as to why there would be a public contract to scrap vehicles that our state officials need for disaster assistance, wildfires, flooding, tornado and hurricane relief-I am sure you understand our frustration at knowing there are perfectly useable vehicles for donation available. Until a policy can be initiated perhaps at the OSD/DOD level, please consider our request to stop the scrapping of vehicles going forward.

- This is tied to the topic, "Revision of the Demil A-Q-C Policies" below. We do not scrap useable vehicles that are available for Reutilization, Transfer, Donation, Sales (RTDS) and otherwise have appropriate DEMIL Codes. We are authorized to down grade vehicles that are in salvage condition with basic metal material content. During FY17, 1,165 vehicles were downgraded prior to being screened by RTD customers. This is less than 6 percent of all vehicles received by DLA Disposition Services. The majority of vehicles continue to go through Reutilization, Transfer and Donation and are made available prior to being referred for sale and there has not been any increase in scrapping. Halting the scrapping of controlled DEMIL vehicles that are not currently available to NASASP donation customers would have a significant adverse impact on our DOD customers. Storage requirements would quickly be exceeded, which in-turn would require us to halt turn-ins from our customers. It should be noted that Disposition Services provides vehicles used in disaster assistance operations directly to local communities through the Law Enforcement Support Office (LESO) and the Fire Fighter Program (FFP). Additionally, when natural disasters have occurred, we have also provided immediate support to local communities by providing listings of available property on a daily basis, and*

worked not only with State SASPs, but with other agencies to get vehicles, supplies and equipment to agencies. During the last year DLA Disposition Services has provided \$16.6 million worth of property in support of disasters. Of that, \$10.8 million worth of property was issued directly to donation customers.

- Revision of the Demil A-Q-C Policies:

NASASP has repeatedly requested DLA to have reasonable DEMIL C items allocated to our SASPs and to propose changes to the regulations on DEMIL policy that expedites donation access to surplus property rather than hinders available vehicles and equipment from the American public. DLA has even suggested to us that DEMIL is a "complex process," however, we know that we can work together to change the process to make it work better for all.

We have encountered Demil C property around the country, but particularly at the Sierra Army Depot, in California where we have seen quality equipment that has been up-armored for protection in war zones, but is no longer needed for Army inventory. We have learned that much of this equipment is destroyed. We understand that items that are up-armored at the factory are nearly impossible to de-manufacture. However, for those items that can be de-manufactured, we would like to have these items considered for donations. We have the resources and the business plan already in place to do this de-manufacturing at no cost to DLA or the Federal government. This could return valuable, life-saving equipment to local communities. I would like DLA to consider this change in policy. Again this change would help ensure that no property is being destroyed until all requirements for donation are met.

DLA has previously asked us to identify what NSNs we would be interested in acquiring, however, that is an impossible task, given the thousands of possibilities. We had hoped to develop a procedure where we could physically screen property that we are interested in acquiring that are currently identified as Demil C items and use that as a method to identify our interest. We are now at the point of several action items promised by DLA Headquarters. When first brought to the attention of OSD and DLA, we began receiving a listing of Demil C rolling stock from DLADS that distribution has stopped. In addition what was and continues to be lacking is a procedure for requesting these items and being able to physically view the items we would like to DEMIL and allocate to our donees. We are waiting on DLA Headquarters to advise NASASP of the procedure. Also discussed with DLA Headquarters, was setting up meetings for NASASP with the Department of Army and the Department of the Navy, Marine Corps to further identify both DEMIL and Exchange Sale items that are needed in the donation community.

We need your support to change the policy and direction within the DLA on how donations and State Agencies are viewed by all staff under your direction. For over 70 years, we have provided key assistance in accordance to the wishes of the Congress and the American People to fulfill the mission of the Federal Surplus Property Program which is "For the Public Good." At times, we feel that DLA views us not in the light of cooperating together as a government agency that seeks to help our citizens in times of disaster or assistance, but, rather, as an adversary and I

think this attitude should be changed across the board. We have indicated time and time again that transparency of surplus property, availability of surplus property for donation before sales according to regulations and statute should be paramount. In our last DLA presentation, statistics were presented to us as follows:

"It should be noted, however, in reviewing the disposition of rolling stock for FY16, it appears that the supply far exceeds NASASP demands. DLA Disposition Services has made over 34,000 Items available for screening to donation customers with only 3,889 items requested by NASASP (11%). Since the current supply of available items is greater than the demand, it does not make sense to expend additional resources to remove DEMIL attachments for possible issue to a donation customer unless the item is so unique that a commercial option is not available."

This is not helpful as the quality of assets currently being sent to scrap is far better than the quality of the assets being offered for donation, and, the visibility of available property continues to be limited. We would like to work with you and others to change these perceptions of State Agencies and the Donation program, perhaps a seminar at DLA headquarters or a document to send around to DLA offices on how our donations are assisting state and local governments, nonprofits and many of the 67,000 donees. While some of these items are in our monthly newsletter, a compilation might be useful.

- *DEMIL code determinations are made based on the unique military characteristics of equipment and to comply with export control laws. Ultimately, the decision to release these military unique items is based on risk. DOD determinations are based on an array of factors, which include but are not limited to, national security interests, public safety, and public confidence in the DOD. As for actions promised by DLA Headquarters with regard to DEMIL C vehicles, DLA Disposition Services supplied weekly listings for review for the agreed upon timeframe and none were requested by NASASP.*
 - o *The agreement was to provide the listings for four weeks, however, Disposition Services supplied them for six weeks. There was no communication of interest or questions from NASASP about the listings provided. Your letter indicated NASASP has the resources and a business plan in place to perform the DEMIL. Request NASASP provide a copy of the plan for our review. As we've discussed in the past, for any DEMIL to be performed, the item would need to be transported to an off installation facility. A DEMIL surveillance plan would need to be approved, as well as an environmental plan, and appropriate safety and security procedures. We would need to be reimbursed for our personnel that are required to perform the DEMIL certification/verification and all items removed during the course of the DEMIL would need to be returned back to DLA Disposition Service for final disposition. All of the associated costs would need to be borne by the NASASP/SASP.*
- *The discussion of DEMIL C vehicles has been on-going for a couple of years. On February 23, 2018, Disposition Services held a telecom with GSA to discuss their perspective on entering into any agreement on the donation of these type of vehicles since GSA is the authorized allocator of all DOD surplus property for the donation program. GSA understands the complexity and potential problems that may come with the donation of DEMIL C vehicles.*

Additionally, they were concerned that if a DEMIL C vehicle was reconfigured to remove the key components, the vehicle would need to be rescreened by their Transfer/Federal Civil Agencies who were not afforded the opportunity to obtain the vehicle.

- The original request/promise for DLA Headquarters to set up meetings for the NASASP was with TACOM, not the other military services listed. DLA did reach out to an Army G4 Supply Division representative who declined this meeting and said that Sierra Army Depot is a staging/redistribution point for Army equipment. Once equipment is declared excess to the Army, it is turned in to DLA Disposition Services who is located on the Depot and the equipment is made available for RTDS.